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Dairy Farm Revitalization Task Force Files Final Report *Panel calls for income-tax credit for dairy farmers in times of need, as well as product promotion and renewable energy efforts*

BOSTON – The Dairy Farm Revitalization Task Force, a panel appointed by Governor Patrick and legislative leaders in the wake of a state of emergency declared in the industry in May and \$3.6 million in relief funds appropriated and distributed to farmers impacted by high costs and low milk prices, today submitted to the Legislature a final report calling for an income tax credit for dairy farmers that kicks in when milk prices fall below the costs of production, along with other measures to promote the long-term viability of dairy farming in Massachusetts.

The Task Force also called for legislation to create a Massachusetts Dairy Promotion Board, an act that would redirect funds currently contributed by Massachusetts farmers to a regional board to develop promotional, research, and nutritional programs and put these funds to work for the Massachusetts dairy industry. Agricultural tourism and international trade are also identified as options worth exploring for Massachusetts dairy farmers, along with renewable energy opportunities such as anaerobic methane digesters, biocrops and biofuels, and wind energy, which would cut production costs and create new products.

The report is the product of seven public meetings held last fall. The Patrick Administration is working with legislative leaders, including legislative members of the Task Force, to draft the legislation called for by the Task Force.

“Governor Patrick and Secretary Bowles consider the survival and vitality of the dairy industry essential for the Massachusetts landscape,” said Philip Griffiths, Undersecretary for Environment in the Executive Office of Energy and Environmental Affairs and co-chairman of the Task Force. “We count on dairy farms to produce milk for our families and protect our rural landscape. The recommendations of the Dairy Revitalization Task Force take us a long way toward preserving this vital industry for generations to come.”

The proposed tax credit is based on a similar provision in South Carolina, which provides relief in years when the wholesale price of milk, which is set by the federal government, is below local production costs. The Department of Agricultural Resources would be charged with developing regulations to ensure that the cost of the tax credit to the state ranged from zero in years when milk prices are sufficient to cover Massachusetts farmers' production expenses (as they were in 2007) to no more than \$4 million.

The Task Force also recommends that the Commonwealth make use of funds Massachusetts farmers are required by Federal Dairy Promotion and Research Order to contribute for national dairy promotion research activities. Dairy farmers have the option of contributing up to 10 cents of a required 15 cents per hundred pounds of milk produced to a qualified state or regional program for state or regional promotion and research. Many Massachusetts dairy farmers contribute to the New England Dairy and Food Council, which is qualified regional program. The Task Force recommends that, as a part of creating greater opportunities for Massachusetts dairy farmers, a state-qualified milk promotion and research program should be established.

In addition, the Task Force calls for the Massachusetts Division of Energy Resources, the Massachusetts Renewable Energy Trust, and other entities to increase their outreach and assistance to Massachusetts dairy and other farmers to explore ways the Commonwealth's agricultural industry could make use of renewable energy technologies in order to reduce production costs and develop new products.

"Massachusetts dairy farmers cannot survive without protection from year-to-year price fluctuations based on the economics of dairy farms in other parts of the country," said Assistant Commissioner Scott Soares of the Department of Agricultural Resources and co-chairman of the Task Force. "The Task Force's recommendations move us toward a future of security and opportunity for the Massachusetts dairy farmer."

The Department of Agricultural Resources issued a Declaration of Emergency for the dairy farmers of Massachusetts on May 10. The declaration was based on a Petition for Relief submitted by farmers in January and two daylong public hearings on the petition, the last of which took place March 29. The Declaration of Emergency described a situation in 2006 of heavy rains in the spring, which destroyed early plantings and delayed later planting; of historically low farm milk prices; and of rapidly rising production costs due to energy and feed-corn price increases.

In the wake of the Declaration, Governor Patrick filed, and the Legislature approved, a supplemental appropriation of \$3.6 million in relief for Massachusetts dairy farmers, which was distributed by formula based on 2006 production. The supplemental budget also created the Task Force, which was charged with developing recommendations for the long-term viability of the Massachusetts dairy industry.

Currently, there are 183 licensed dairy farms in Massachusetts. Active dairy farms have been declining at an average rate of 6 percent per year over the past half century – down from 6,760 in 1950 to 183 as of June 2007 – but the number of Massachusetts dairy farm has remained constant since the Department of Agricultural Resources distributed emergency aid last summer and the Task Force began its deliberations on the future of the dairy industry.

“The dairy industry has many benefits for the Commonwealth, from milk production and preserving open space to contributing to the health of other farms that depend on it,” said Senator Stan Rosenberg, one of six lawmakers who served on the Task Force. “There’s a lot at stake here and we need to be aggressive about implementing our plans to safeguard this industry because the next economic downturn could be just around the corner.”

“It was the goal of the task force to find solutions for long term sustainability for our dairy farmers in the Commonwealth and I believe this report is the right step in accomplishing our key objective,” said Senator Stephen Brewer. “I have been working with farmers since July 2006 to secure supplemental funding and to ensure that the dairy farms, and agriculture as a whole, continue to be a part of the Massachusetts economy. I am thrilled to be a part of this project and I look forward to working with my colleagues to continue in assisting the farming community.”

“Participating in the Dairy Task Force has certainly been a rewarding experience,” said Senator Michael Knapik. “Dairy farms across our state are operating in an increasingly competitive marketplace and I am hopeful this coalition between our dairy farmers and policymakers will continue to advocate for this important sector.”

“After extensive deliberations of the task force, we have put forth in our report a number of recommendations that we believe will strengthen and help sustain the dairy industry in the Commonwealth, including a commitment to preserving open spaces, ensuring adequate supplies of fresh milk at local dairies, as well as built-in mechanisms to provide relief and stability to dairy farmers and their families,” said Representative Daniel Bosley.

“Dairy farming is a critical part of our state’s agricultural economy, and also preserves thousands of acres of open space and natural resources,” said Representative Stephen Kulik. “The work of the Dairy Task Force has produced solid recommendations that address the many challenges that face our dairy farmers throughout Massachusetts. The Legislature will now work to bring stability to milk prices, support energy efficiency on the farm, and enhance marketing of fresh local milk which is so important to our state’s consumers. We must do everything possible to ensure that dairy farming has a healthy future in Massachusetts.”

“All of us on the commission are hopeful that our efforts will contribute to the preservation of our dairy farmers,” said Representative Lewis Evangelidis. “Our farms are a huge part of our Massachusetts heritage and provide tremendous benefits to all of our communities.”

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